

MINUTES  
SPECIAL MEETING  
BUDGET HEARING  
CITY COUNCIL

June 21, 2021

Ronnie Thompson, Mayor

Sally W. Sandy, City Manager

Louis E. Vinay, Jr., City Attorney

Wendy Cato )  
Christopher Hawkins ) Council  
Chris Jernigan )  
Butch McSwain )

Joy Hern-Guzman, Interpreter

I. Call to Order – The Mayor called the meeting to order in the Council Chamber at City Hall at 6:00 p.m.

II. Public Hearing and Consideration of the City of Morganton Budget for Fiscal Year 2021-2022

The Mayor opened the public hearing at 6:01 p.m.

The City Manager stated that the Budget Ordinance establishes the tax rate at \$0.57 for general tax, and \$0.14 for municipal service district tax, per \$100 valuation. Also included are revenues anticipated and expenditures authorized as presented to the City Council on June 7, 2021. The public hearing notice was published in The News Herald on June 8, 2021. The Manager reminded everyone that the proposed budget recommends no increase for ad valorem taxes, no increase for motor vehicle taxes, no increase in garbage fees, no increase in water, sewer, internet or telephone fees. There would be a decrease in electric rates and a projected \$5 increase in January 2022 for the broadcast surcharge for cable. She stated this budget assumes we are getting “back to normal”, offering the things that we do and offering our citizens the opportunity to take part in that.

There being no public comment, the Mayor closed the public hearing at 6:02 p.m.

a. Consideration of Adoption of the City of Morganton Budget for Fiscal Year 2021-2022

Upon motion by Councilwoman Cato, seconded by Councilman Hawkins, and carried unanimously, the Council adopted the Budget Ordinance (Ord. #21-24) for FY 2021-2022.

b. Consideration of Adoption of Schedule of Fees and Charges 2021-2022

Upon motion by Councilman Jernigan, seconded by Councilman McSwain, and carried unanimously, the Council adopted the Schedule of Fees and Charges for FY 2021-2022.

III. Consideration of Approval of Year-end Budget Amendments 2020-2021

The City Manager stated the only funds requiring year-end amendments are the General Fund, the Courthouse Square Project Fund, and the Soccer Complex Project Fund.

The General Fund has three amendments. The first is to transfer \$93,000 from the General Fund to the Soccer Complex Project Fund in order to close-out the Soccer Complex Project Fund.

The second is for year-end adjustments in the amount of \$17,900.

The third amendment is to recognize and transfer private contributions for the Courthouse Square Project from General Fund to the Courthouse Square Project Fund, and to transfer General Fund revenues to complete the Courthouse Square Project.

The budget amendments are for \$90,133 in the General Fund and \$182,987 in the Courthouse Square Project Fund. The total private funding raised for this project to date is \$106,500.

Upon motion by Councilman McSwain, seconded by Councilwoman Cato, and carried unanimously, the Council approved the General Fund budget amendment for \$93,000 and amended the Soccer Complex Project Ordinance in the amount of \$93,000 to close-out that project. (Ord. #21-26 & 21-27)

Upon motion by Councilwoman Cato, seconded by Councilman Hawkins, and carried unanimously, the Council adopted a budget amendment for \$17,900 to appropriate adjustments in the General Fund. (Ord. #21-25)

Upon motion by Councilman Jernigan, seconded by Councilman Hawkins, and carried unanimously, the Council approved a budget amendment in the amount of \$90,133 in the General Fund to complete the Courthouse Square renovation. (Ord. #21-28)

Upon motion by Councilman Hawkins, seconded by Councilman McSwain, and carried unanimously, the Council approved a project budget ordinance amendment for Courthouse Square in the amount of \$182,987 to recognize private funding and appropriate funds to complete the project. (Ord. #21-29)

#### IV. Consideration of Award of a Contract for Cleaning Services to Perfection First Services, Inc.

The City Manager said that City staff solicited bids for the cleaning contract for several municipal buildings. Bids were received on June 4, 2021 at City Hall. The municipal buildings included in the contract are: City Hall, Public Safety Headquarters, Warehouse, Garage, and Community House. Four bids were received. All bids were over budget – therefore, staff negotiated with Perfection First Services, Inc. the lowest responsive bidder.

After negotiations, staff recommends awarding the cleaning contract to Perfection First Services, Inc., in the amount of \$6,218/ month or \$74,616/ year beginning July 1, 2021.

Councilwoman Cato stated this is one of those hidden costs that people don't know or think about and when you look at the bids you realize that hidden cost.

Councilman McSwain complimented the staff for coverage during the past year saying everything looked great. The City Manager thanked James Hildebrand from CoMMA for rotating through the various buildings helping to clean/maintain areas.

Upon motion by Councilman McSwain, seconded by Councilman Jernigan, and carried unanimously, the Council awarded a contract for cleaning services to Perfection First Services, Inc. in the amount of \$6,218 per month beginning on July 1, 2021.

#### V. Consideration of Amendment to the Wilkie Construction Contract for the Courthouse Square Project to Complete Landscaping and to Establish Final Contingency Funding

The City Manager stated the City entered into a contract with Wilkie Construction for the Courthouse Square Project in the amount of \$2,718,416.00 in September 2020. At the time the contract was awarded, staff worked with the contractor to value engineer several items to keep the project within budget and the financed amount.

Since the start of the project, the contract has been amended to include items to be paid for with private funding. After the last project progress meeting, Staff believes one last amendment to the Wilkie contract is necessary. The amount required is \$55,000. Of this amount \$49,000 is for final landscaping and \$6,000 to increase contingency funds to \$10,000 to complete the project. This will make Wilkie's contract amount \$2,828,562 including contingency of \$10,150.

Upon motion by Councilman Jernigan, seconded by Councilwoman Cato, and carried unanimously, the Council amended the contract with Wilkie Construction by \$55,000 for the Courthouse Square Project in order to complete final landscaping and establish final contingency.

#### VI. Consideration of Establishing a Special Revenue Fund for the American Rescue Plan Coronavirus Recovery Funds

The City Manager stated that as everyone is aware, the Federal government has passed the American Rescue Plan Act (ARPA) of 2021 in response to continued struggles relating to COVID-19. There are several pots of money that are available to State and local governments. While funds are in various stages of availability the rules on how the funds must be spent are still in development. City staff has participated in three webinars to get information on this funding and to better understand requirements for spending. Jessie Parris has consulted our auditors regarding this as well. Currently, guidance refers to broad categories of eligible activities.

The City of Morganton is slated to receive approximately \$4.8 million in two installments directly from the U.S. Department of Treasury under the American Rescue Plan Coronavirus State & Local Fiscal Recovery Funds (SLFRF). As of June 8, 2021 the City has received \$2,417,809.50. It is required that these funds be accounted for separately from the other City funds in a special revenue fund. This fund will be a project fund as activities will definitely cross budget years.

During the budget process, there were several infrastructure projects discussed as possible ways to use this funding. Projects included upgrading sewer capacity that is limiting opportunity for new housing, expand broadband, resurfacing, and others. Of course decisions about specific projects will need to be made with the full understanding of the final rules for spending these funds.

In order to properly account for the receipt of the first installment of funds, City staff asked Council to establish a special revenue fund as indicated on the attached budget amendment.

Upon motion by Councilman Hawkins, seconded by Councilwoman Cato, and carried unanimously, the Council approved establishing a Special Revenue Fund and approved a project budget ordinance to account for funds received from the American Rescue Plan Coronavirus State & Local Fiscal Recovery Funds. (Ord. #21-30)

#### VII. Consideration of Request by Burke County for City to Sign on State's Memorandum of Agreement Concerning Opioid Settlement

The City Attorney stated that Burke County, like every other county in North Carolina, has been asked by the State Attorney General to sign a Memorandum of Agreement (MOA) governing the distribution and use of any proceeds received from settlement of the massive national litigation against the suppliers of opioids. The tentative plan for settlement of the major litigation against the "big 3" drug distributors and certain manufacturers is for a national payout of something like \$25-30 billion dollars spread over 18 years. North Carolina's share should be at least \$800 million dollars. The proposed Memorandum would spell out that the proceeds are to be distributed as 15% to the State, 80% to be divided among the counties, and 5% in an "incentive fund" that would also go to the counties if the major cities in each county also join in the settlement agreement.

The MOA itself specifies only that cities of over 50,000 population are to sign off. However, unofficially the State is suggesting, and the County is asking, that any city over 10,000 population sign – thus Morganton is the only municipality in Burke County affected.

Burke County wants Morganton to sign the Memorandum to show solidarity, and to reflect unity, all for appearances' sake. The City Attorney added there is no direct financial benefit (or detriment) to the City from signing. The County expects to receive the extra 5% incentive even if Morganton does not sign.

By signing the Memorandum, Morganton would waive all rights to sue, or join in suit against, any of the series of defendants that are affected by this potential settlement.

Burke County has already decided to allocate most of any money it may receive from the settlement for “direct treatment”, primarily by establishing a residential long-term treatment center. The old jail on Government Drive, where the City provides all utilities, is “the only site considered” for the treatment facility. The planning is for the County to continue owning the old jail, and to either lease it to a private operator, or contract with a company to run the facility. There is no plan whatsoever to move the Sheriff's Department from the current site.

The County will also use some of any settlement money to reimburse municipalities for drug-related costs. Examples specifically mentioned include the costs of Narcan, of training staff to use this and other emergency treatments, and of personal protective gear. No specific dollar figures, or percentages, have been mentioned.

The County wants Morganton to sign the MOA because it will “look good”, and show local unity. While there is no direct benefit to City in signing, there is also no real disadvantage, since Morganton was not going to sue over the opioid issue, anyway.

The City Manager and City Attorney have asked, in return for the City's signature on the MOA that the County agree to negotiate with the “tenant” a regular sum in lieu of the property taxes that would be due on this facility as if it were taxable property. Such payments would be in recognition of, and partial compensation for, the public services which the City furnishes at this site—especially police and fire protection, but also code enforcement, storm water control, and others. These “payment in lieu” arrangements are common. For instance, the State makes such payments to the City for Broughton/NCSD/Riddle Center, and until the recent sale of the property, the County itself had an arrangement for the County-owned property occupied by the Ekornes factory.

The City's proposal was that the County to negotiate to pay an annual sum equal to one-half of what would have been the ad valorem taxes on the facility, if taxable. The County has rejected any such payments as per the County Manager's letter of June 14. This letter repeats the County's request that the City sign the MOA, without conditions, as a symbol of our support and unity.

Councilman McSwain says there is plenty of time to negotiate some of those details with the County; it's still a long way away before any settlement. He stated he feels it is very fair to ask for some of our expenses to be covered.

Upon motion by Councilman Hawkins, seconded by Councilman McSwain, and carried unanimously, the Council agreed to sign the State's Memorandum of Agreement related to Settlement of Opioid Litigation.

#### VIII. Consideration of an Award of Contract for Installing Pressure Reducing Valves and Approval of a Budget Amendment

The City Manager stated the installation of the new water tank at the Burke Business Park could have an effect on water pressure to existing customers in that area. After evaluating approximately 33 water services in the area, it was determined pressure reducing valves are necessary.

Bids for this work were received by the Development & Design Services Department on Tuesday May 4, 2021. Three bids were submitted for the project. The lowest responsive, responsible bid was submitted by John Newton Plumbing, of Morganton, NC, in the amount of \$13,930.00. The remaining two bids in order from the lowest to the highest were \$14,380.00 submitted by WNC Plumbing of Morganton, NC; \$21,030.00 submitted by Doug Brittain Plumbing of Morganton, NC.

Staff recommends award to John Newton Plumbing. Funding for this work is included in the project. BDI, Inc. will reimburse for this work.

The attached budget amendment recognizes the reimbursement from BDI to fund this project.

Upon motion by Councilwoman Cato, seconded by Councilman Jernigan, and carried unanimously, the Council awarded a contract to John Newton Plumbing, of Morganton, NC, in the amount of \$13,930.00, to install water line pressure reducing valves in the Burke Business Park service area.

Upon motion by Councilman McSwain, seconded by Councilman Hawkins, and carried unanimously, the Council approved a budget amendment in the amount of \$13,930 to receive funding for this project. (Ord. #21-31)

IX. Consideration of Award of Contract for Access Road Construction for Electric Service at the Burke Business Park

The City Manager stated the City has recently awarded bids to construct the electric service to serve the Buke Business Park. In order to construct and maintain the electric service, construction of an access road is required.

The road is designed to be a 15-foot-wide gravel path that is approximately 2,420 linear feet.

Bids were received and opened by the Development & Design Services Department today at 2:00 p.m., Monday June 21, 2021 in City Hall. Six contractors submitted bids for this project. The lowest responsible, responsive bid was submitted by Mountain Crest, LLC from Lenoir.

After review of the bids for completeness, City staff recommends award to Mountain Crest, LLC at an amount not to exceed \$120,912. This amount includes a 10% contingency.

Upon motion by Councilman Jernigan, seconded by Councilwoman Cato, and carried unanimously, the Council awarded a contract to Mountain Crest, LLC for an amount not to exceed \$120,912 to construct road access for electric service at the Burke Business Park.

X. Other Items from City Manager and City Council Not on Agenda

Councilwoman Cato commended the Electric Department for their work the past week in the South Forest neighborhood. She was pleased with the amount of communication between the Electric Department and the affected citizens.

The Mayor reminded citizens of the fireworks display to be held on the 4<sup>th</sup> of July at Freedom Park at dark. He reminded people the park would be closed for the day while preparations are being made for the show.

The City Manager reminded Council there would be no July meeting and Council would meet again at a regular meeting on August 2, 2021.

XI. Adjournment –The meeting was adjourned at 6:31 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.

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Mayor

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Assistant City Clerk